

EDUCATION OVERSIGHT COMMITTEE
Fiscal Year 2005-06
EIA and EAA Budget Recommendations
Executive Summary

By 2010, South Carolina's student achievement will be ranked in the top half of the states nationally. To achieve the goal we must become one of the five fastest improving systems in the country.

The Education Oversight Committee (EOC) celebrates the accomplishments that our teachers, principals, students, parents, and policymakers have made over the past four years. Despite austere economic conditions, South Carolina has stayed the course and committed scarce resources to improving student academic achievement throughout our state.

Evidence of the progress made in our state's classrooms is the 2004 report card. First, the number of unsatisfactory schools declined from 46 last year and from 71 in 2001 to 28 in 2004. Almost ninety percent of the state's schools either improved or maintained their absolute ratings. The number of high schools rated Excellent or Good increased from 124 in 2003 to 146 in 2004. The report card also shows that nearly thirty percent of schools with a composite poverty factor of 70 percent or greater earned an absolute rating of Excellent or Good. Eighty percent of our state's elementary schools serving a population of 70 percent of the students receive free or reduced price lunches or are Medicaid eligible, earned a rating of Average or above. What is even more encouraging is that these great gains were made in a year when the rigor of the absolute performance ratings increased by one-tenth of a point.

To continue the gains in the ratings and to improve student performance as is needed to meet our 2010 goal, the EOC has identified four key objectives for this fiscal year:

- Objective 1: Continue to implement the provisions and fulfill the responsibilities of the Education Accountability Act of 1998
- Objective 2: Develop measures, promote policies and implement practices so that each student is able to earn a state high school diploma.
- Objective 3: Strengthen the teaching of reading
- Objective 4: Review and revise long-range plans to address strategic issues before South Carolina.

The first three objectives have budgetary implications which were addressed by the EIA and Improvement Mechanisms Subcommittee this fall and were approved by the EOC on December 13, 2004.

Objective 1: Continue to implement the provisions and fulfill the responsibilities of the Education Accountability Act of 1998

Implementation of the EAA is predicated upon schools receiving sufficient funding to provide the minimum education program. Consequently, the EOC recommends to the Governor and the General Assembly a recommitment to the Education Finance Act (EFA), our state's foundation education program. The EOC recommends a three-year phase-in that would increase the base student cost from its current level of \$1,852 to full funding. For Fiscal Year 2005-06, the EOC recommends funding the EFA at a base student cost of at least \$2,002. The EFA provides the basic support needed to hire our classroom teachers and to operate the school buildings. In addition, the EOC recognizes the legislature's commitment to funding teacher salaries at \$300 above the Southeastern average and recommends funding this objective by moving the National Board Compensation from the EIA to the General Fund.

Due to the significant improvement in academic achievement made by our students, the EOC recommends that funding of the technical assistance programs of the EAA be adjusted accordingly. First, at the request of the Department of Education, the EOC recommends a decrease in funding for the external review teams of \$880,072. Second, due to the fact that forty-one schools that received retraining grants for four years have improved their absolute performance ratings to average or better for three consecutive years, the EOC recommends a reduction in the retraining grant program of \$1,895,500. Regarding summer school and homework centers, the EOC concurs with the Department of Education that these programs which provide direct intervention to students should be increased by a total of \$9,856,136. Finally, regarding the technical assistance program, the EOC recommend a total decrease of \$473,782. This recommendation reallocated \$4.0 million to alternative technical assistance intervention strategies while still funding over 300 technical assistance personnel in unsatisfactory and below average schools. This recommendation will continue the work of private consultants who would qualify under the alternative technical assistance criteria as well as provide additional funding for other research-based intervention strategies.

On the issue of the assessment system, the EOC defers making any budgetary recommendations until after the report of the testing task force. The task force will report to the full EOC in February. Regarding the implementation of a unique student identifier and the data collections system, the Department requested a net decrease of \$592,880 over the prior year's funding of \$2,048,925. Finally, the EOC recommends increasing funding for the Palmetto Gold and Silver program from \$2.0 million to \$3.0 million.

Objective 2: Develop measures, promote policies and implement practices so that each student is able to earn a state high school diploma.

To improve high school performance and improve the high school completion rate, the EOC recommends increased funding of two initiatives. The EOC recommends \$1.0 million for the High Schools That Work program which represents a \$500,000 net increase over the prior year's funding level. The goal of the program is to increase the number of students who meet reading, math, and science performance goals with an upgraded academic core and career focus. It is a school-wide revitalization effort dedicated to providing a quality education for all students and is supported by the Southern Regional Education Board. The sites receive an annual assessment which has shown statistically significant improvement in student performance.

Consistent with the EOC funding model that was recommended last December, the EOC recommends specific funding for 17 to 21 year-olds in adult education. The EOC funding model includes a new weighting for young adult education programs of .2 which is predicated on a base student cost of \$5,079. Currently, 26 percent of adults of ages 18 to 24 in our State do not have a high school diploma. The EOC recommended that the state focus on the young adult population, individuals aged 17 to 21 who do not possess a high school diploma. These adults are generally persons who have recently dropped out of school and are beginning to have children. By targeting resources on these individuals, the state can address educational needs of getting these adults prepared for the workforce needs and of addressing early childhood education with these young parents modeling learning for their children. This is an investment in the economy because those with a diploma earn more and are less likely to need state support for family assistance, health care or corrections. Consequently, as requested by the Department of Education and consistent with the EOC funding model, the Committee recommends that \$1,600,000 be allocated to young adult education.

And, finally, through its budget recommendations to the EIA, the EOC recommends that the state target increased EIA revenues to the programs that will assist our state's students in scoring Proficient or Advanced. On the SAT, our state's top 25th percentile scored an average of 1130 on the 2004 SAT. Comparatively, nationally the top 25th percentile scored an average of 1180. To provide the enrichment and advanced courses that these students need, the EOC would recommend that over a three-year period the Gifted and Talented Program be fully funded as defined in the funding model. The EOC also recommends increases to the Advanced Placement courses to cover the increased costs of the AP tests and textbooks.

The EOC also recommends several proviso changes related to the issue of high school completion. First, the EOC recommends amending the proviso relating to summer school to allow funds to be used to provide intervention for students entering the ninth grade who score below proficient in reading. Second, the EOC recommends amending the ratings for high schools and districts to include graduation from high school and ratings for career and technology centers to use criteria aligned with workforce needs. And, the EOC recommends a proviso change to the parenting/family literacy program to

require districts to provide comprehensive family literacy programs that address the intergenerational cycles of poverty through adult education, early childhood education and parenting. This fiscal year school districts began developing the comprehensive programs as a result of an EOC review of the program in 2003.

Objective 3: Strengthen the teaching of reading

The EOC recommends a system-wide focus strengthening the teaching of reading. Too many of our students struggle because of limited language development as young children. This deficiency impacts their success in reading and a cumulative deficit builds as students struggle through middle and high school. Evidence is our state's bottom ranking in the number of high school completion rate. Through provisos and existing funds, the EOC has identified ways in which the teaching of reading can be given greater priority in kindergarten through grade twelve in teacher development. The EOC would require administrators to have sufficient knowledge and understanding to support strong instruction in reading. The EOC has identified existing professional development funds that can be realigned to address teacher skills and knowledge to reach grading across the grades and content areas. Finally, the EOC has recommended that the Commission on Higher Education evaluate the efforts and effectiveness of teacher education programs in preparing teachers for working with students who have difficulty in reading and create a Center of Excellence that focus on the teaching of reading in the middle and high schools.

In addition, there are proviso and monetary changes recommended for the Teacher Loan Program. The proviso clarifies that a student's eligibility for the loan's cancellation is based on the schools designation as "critical" at the time of the teacher's employment. Based upon the EOC's 2004 annual review of the teacher loan program, the committee also recommends that the maximum loan amount for the program be incrementally increased from \$15,000 to \$20,000. The maximum loan amount has not been increased since the program's implementation in 1984. The EOC recommends a total increase to the program of \$2.2 million to fund eligible applicants who were denied funding this year due to insufficient funds in the program and to increase the maximum loan amount.

The specific line-item and proviso recommendations are attached.

**EDUCATION OVERSIGHT COMMITTEE
PROVISO RECOMMENDATIONS
For Fiscal Year 2005-06**

Amendments to Existing Provisos:

1.30 (SDE: PSAT/PLAN Reimbursement) Funds appropriated for assessment shall be used to pay for the administration of the PSAT or PLAN test to tenth grade students to include the testing fee and report fee. SDE is authorized to carry forward into the current fiscal year, prior year state assessment funds for the purpose of paying for state assessment activities not completed by the end of the fiscal year including the scoring of the spring PACT assessment. ~~The Education Oversight Committee, working with the Department of Education, shall convene a task force to include district and school level personnel, individuals with expertise in testing, and parents. The task force will recommend changes to be made in the statewide testing system to provide information to parents, teachers and policymakers for improving academic performance, to provide the information in a timely manner that will facilitate decisions impacting students, schools and districts, and to contain costs in the testing system.~~

Rationale: The testing task force will present its findings to the EOC by February of the current fiscal year. These results will then be forwarded to the General Assembly. The Department of Education and Education Oversight Committee recommend the amendment.

1.31. (SDE: Basic Skills Exam) ~~Any person required to take and pass the Basic Skill Examination pursuant to Sections 59-26-20 and 59-26-40, and fails to achieve a passing score on all sections shall be allowed to retake the test or a portion thereof.~~

Rationale: The BSAP Exit Examination will be administered for the last time in the summer of 2005.

1.36. (SDE: EAA Report Card Criteria) ~~Pending implementation of standards based assessments for students in grades 9-12 and revised examination scores, the~~ The Education Oversight Committee may base ratings for school districts and high schools on criteria that include graduation from high school with a state high school diploma relevant to high school or and ratings of career and technology center performance ~~may be based on criteria aligned with workforce needs including, but not limited to, current~~ exit examination performance and other criteria identified by technical experts and appropriate groups of educators and workforce advocates. For other schools without standard-based assessments the ratings may be based upon criteria identified by technical experts and appropriate groups of educators. All ratings criteria must be approved by the Education Oversight Committee.

Rationale: The amendments would allow the EOC the authority to use school ratings criteria other than standards-based assessments for high schools, career and technology centers and other schools without standards based assessments. The amendment adds graduation rate to high school and district criteria. It also permits the evaluation of high schools and districts to include graduation with a state high school diploma and sets the stage for the review of career and technology ratings so that those ratings differentiate better among programs and focus the programs on the 21st century workforce.

- 1.49.** (SDE: EAA Summer School, Grades 3-8) Funds appropriated for summer school shall be allocated to each local public school district based on the number of academic subject area scores below the basic on the prior year Spring PACT administration for students in grades three through eight and on the number of students entering ninth grade who score below proficient in reading. Individual student scores on the PACT shall not be the sole criterion used to determine whether a student on an academic plan the prior year will be placed on probation or retained. Individual student scores on the PACT shall not be the sole criterion for requiring students to attend summer school. School districts may consider other factors such as student performance, teacher judgment, and social, emotional, and physical development in placing students on academic probation or requiring summer school attendance. Students may not be placed on academic probation or retained based solely on the PACT scores. The State Department of Education working with the Education Oversight Committee must develop a method to supplement the PACT with diagnostic training and materials aligned to the content standards. Current year appropriations may be expended for prior year EAA summer school purposes. Local public school districts shall utilize these funds in accordance with the requirements of Section 59-18-500 of the 1976 Code. The State Department of Education is directed to utilize PACT-like tests aligned with standards to be administered to students on academic probation required to attend summer school. The test shall be a determinate in judging whether the student has the skills to succeed at the next grade level. The State Board of Education shall establish regulations to define the extenuating circumstances including death of an immediate family member or severe long-term student illness, under which the requirements of 59-18-900(D) may be waived. Furthermore, of the funds appropriated for summer school, up to \$250,000 will be allocated to the Education Oversight Committee for an evaluation of the impact of summer school and other remediation programs on student achievement.

Rationale: The proviso amends the allocation of summer school funding to include students entering the ninth grade who are below proficient in reading. This recommendation reinforces the importance of focusing on reading achievement in South Carolina. Also, with the increase in funding recommended by the EOC for summer schools and homework centers and with the \$120 million in EIA funds allocated to Act 135, it is important to assess the effectiveness of these remediation programs.

1.61. (SDE: After School Program/Homework Centers Allocation) The Department of Education is authorized to allocate after school program/homework center funds first, by establishing an equitable base amount for unsatisfactory schools; second, by establishing an equitable base amount for below average schools; and third, by allocating any remaining funds based on the ADM of below average schools. By November 1 of the fiscal year schools receiving funds for homework centers must report to the Department of Education and to the Education Oversight Committee on changes in the PACT-English Language Arts scores in both reading and writing of students who were participants in the homework centers during the prior school year.

Rationale: The proviso requires schools receiving homework center allocations to report to the Department of Education and EOC on the impact of the homework centers on student English Language Arts scores.

1.71. and 1A.51. (SDE: Unallocated Funds for Teacher Specialists) The Department of Education shall develop procedures and establish a timeline so schools that receive an unsatisfactory rating or a below average rating on the ~~November 2004~~ annual report card are given an option to choose technical assistance offered by the department that includes teacher specialists, principal specialists and other personnel assigned under the tiered system or alternative research-based technical assistance. Criteria for selecting alternative research-based technical assistance are to be approved by the Education Oversight Committee and the Department of Education. ~~For the 2004-05 school year, the department may utilize a supplemental alternative technical assistance program in a state of emergency school district.~~ The funds appropriated for alternative research-based technical assistance must be allocated to below average and unsatisfactory schools based upon the school's enrollment and school type with no school receiving less than \$100,000 or more than \$300,000 annually. Furthermore, it is the intent that the alternative research-based technical assistance will be provided for a minimum of three years in order to implement fully systemic reform and to provide opportunity for building local education capacity. The Education Oversight Committee, in cooperation with the Department of Education and with the schools and school districts participating in the alternative technical assistance programs, will monitor the effectiveness of the alternative technical assistance program.

Rationale: The EOC and Department of Education have developed criteria by which schools can use alternative research-based technical assistance programs. The EOC has recommended a separate line-item appropriation for these schools. The proviso would establish funding levels and accountability measures.

1A.12. (SDE-EIA: XI.A.4-Academic Assistance/Remedial Adult Education) Of funds appropriated in Part IA, Section 1 XI.A.4. for Academic Assistance an amount not to exceed \$1,000,000 must be used for adult education students ~~scoring below the BSAP standard on any portion of the exit examination~~ failing one or more sections of the HSAP Exit Examination at a weight of .114 of the base student cost as defined in the Education Finance Act.

Rationale: The proviso needs to be amended to refer to the appropriate exit examination now administered.

1A.18. (SDE-EIA: XI.C.3.-Teacher Salaries/SE Average) The projected Southeastern average teacher salary shall be the average of the average teachers salaries of the southeastern states as projected by the Division of Budget and Analyses. For the current school year the Southeastern average teacher salary is projected to be ~~\$41,391~~ \$42,437. It is the intent of the General Assembly to exceed the Southeastern average teacher salary as projected by \$300. The General Assembly remains desirous of raising the average teacher salary in South Carolina through incremental increases over the next few years so as to make such equivalent to the national average teacher salary.

Funds appropriated in Part IA, Section 1 XI.C.3. for Teacher Salaries must be used to increase salaries of those teachers eligible pursuant to Section 59-20-50 (b), to include classroom teachers, librarians, guidance counselors, psychologists, social workers, occupational and physical therapists, school nurses, orientation/mobility instructors, and audiologists in the school districts of the state. Furthermore, the Education Oversight Committee, working with the Department of Education and the Center for Educator Recruitment, Retention, and Advancement of South Carolina, must review the methodology used in calculating the average teacher salary in South Carolina and determine how the salary schedule and other compensation funds can be amended to retain and recruit highly qualified teachers to all schools in the state. The Committee will report its findings to the General Assembly by January 1."

Rationale: The Southeastern average teacher salary has been projected to increase to \$42,437 in Fiscal Year 2005-06. The EOC working with the Department of Education and Center for Educator Recruitment, Retention, and Advancement of South Carolina would review the methodology to in determining the average teacher salary in South Carolina.

1A.23. (SDE-EIA: XI.F.3-CHE/Teacher Recruitment) Of the funds appropriated in Part IA, Section 1 XI.F.3. for the Teacher Recruitment Program, the S.C. Commission on Higher Education shall distribute a total of ~~\$5,836,110~~ \$5,404,014 to the Center of Educator Recruitment, Retention, and Advancement (CERRA-South Carolina) for a state teacher recruitment program, of which ~~\$4,284,752~~ \$4,200,000 must be used for the Teaching Fellows Program and of which ~~\$200,000~~ \$166,302 must be used for specific programs to recruit minority teachers, and shall distribute \$467,000 to S.C. State University to be used only for the operation of a minority teacher recruitment program

and therefore shall not be used for the operation of their established general education programs. The S.C. Commission on Higher Education shall ensure that all funds are used to promote teacher recruitment on a statewide basis, shall ensure the continued coordination of efforts among the three teacher recruitment projects, shall review the use of funds and shall have prior program and budget approval. The S.C. State University program, in consultation with the Commission on Higher Education, shall extend beyond the geographic area it currently serves. Annually, the Commission on Higher Education shall evaluate the effectiveness of each of the teacher recruitment projects and shall report its findings and its program and budget recommendations to the House and Senate Education Committees, the State Board of Education and the Education Oversight Committee by October 1 annually, in a format agreed upon by the Education Oversight Committee and the Department of Education.

Rationale: The changes reflect accurate allocations of funds for teacher recruitment due to mid-year revenue shortfalls.

1A.26. (SDE-EIA: XI.B-Parenting/Family Literacy) Funds appropriated in Part IA, Section 1 XI.B. for the Parenting/Family Literacy Programs and allocated to the school districts for parenting projects in the prior fiscal year may be retained and expended by the school districts for the same purpose during the current fiscal year. ~~School districts receiving funding for Parenting/Family Literacy Programs shall develop programs to address intergenerational cycles of poverty through adult education, early childhood education and parenting programs.~~ These funds must be allocated only to school districts that provide comprehensive family literacy programs which address intergenerational cycles of poverty through adult education, early childhood education and parenting programs. Furthermore, any school district that does not provide the evaluation information necessary to determine effective use as required by Section 59-139-10 (A) (1) and by regulation is not eligible to receive additional funding until the requested data is provided. Of the funds appropriated in Part IA, Section 1 XI.B. for the Parenting/Family Literacy \$125,000 must be used for the Accelerated Schools Project at the College of Charleston.

Rationale: This proviso was amended last year to require districts to begin developing programs and implementing that address intergenerational cycles of poverty through comprehensive programs. The proviso changes would now require all districts to implement such programs in order to receive continued funding. These changes are the result of an EOC study last year of the program and are recommended by the Department of Education.

1A.33. (SDE-EIA: XI.C.4-Professional Development on Standards) These funds shall be used for professional development for certificated instructional and instructional leadership personnel in grades kindergarten through 12 in the academic areas for which SBE standards documents have been approved to better link instruction and lesson plans to the standards and to any state-adopted readiness assessment tests, develop classroom assessments consistent with the standards and PACT-style testing, and analyze PACT

results for needed modifications in instructional strategies. Funds may also be expended for certificated instructional and instructional leadership personnel in grades sixth through twelve to achieve competency in teaching reading to students who score below proficient on the reading assessment of PACT. Provided further that \$250,000 of the funds allocated to professional development, must be provided to the State Department of Education to implement successfully the South Carolina Readiness Assessment by creating a validation process for teachers to ensure reliable administration of the assessment, providing professional development on effective utilization and establishing the relationship between the readiness measure and third grade standards-based assessments. Multi-day work sessions shall be provided around the state during the summer and during the fall and winter using staff development days, teacher workdays, two of the remaining professional development days shall be set aside specifically for the preparation and opening of schools. District instructional leaders, regional service centers, consortia, department personnel, university faculty, contracted providers, and the resources of ETV may be used as appropriate to implement this intensive professional development initiative. Teachers participating in this professional development shall receive credit toward recertification according to State Board of Education guidelines. Funds provided for professional development on standards may be carried forward into the current fiscal year to be expended for the same purpose. No less than twenty-five percent of the funds allocated for professional development should be expended on the teaching of reading which includes teaching reading across content areas in grades three through eight.

Rationale: To emphasize the importance of reading, the proviso is amended to require no less than 25% of all funds allocated for professional development to be expended on reading. Funds would also be used to target professional development to early childhood education teachers for using and applying the results of the SCRA.

1A.35. (SDE-EIA: XI.E.1-Principal Executive/Leadership Institute Carry Forward) Prior fiscal year funds appropriated in Part IA, Section XI.E.1. for the Principal Executive/Leadership Institute may be carried forward into the current fiscal year and expended for the same purpose. The Institute and all principal evaluation and induction programs must include training for the key role that principals have in supervising the teaching of reading and instilling the importance of literacy in public schools.

Rationale: The proviso requires that funds for training principals must include a component regarding the importance of reading and literacy.

1A.50. (SDE-EIA: Critical Geographic Area) Notwithstanding the provision of Section 59-26-20 (j) for those students seeking a loan cancellation under the Teacher Loan Program after July 1, 2004, “critical geographic area” shall be defined as schools that have an absolute rating of below average or unsatisfactory, schools where the average teacher turnover rate for the past three years is 20 percent or higher, or schools that meet the poverty index criteria at the 70 percent level or higher. The list shall also include special schools, alternative schools, and correctional centers as identified by the State Board of Education. Students obtaining a loan a-After July 1, 2004, July 1, 2005 students shall receive a loan or have their loan canceled based on those schools or districts designated as a critical geographic area at the time of loan application or graduation employment. The definition of critical geographic area shall not change for those students ~~who have a loan, or~~ who are in the process of having a loan canceled, on or before ~~June 30, 2004~~ June 30, 2005. Beginning in Fiscal Year 2005-06 the maximum loan amount will be increased to an amount not to exceed \$20,000. Beginning July 1, 2005, freshmen may continue to apply for the Teacher Loan Program, but only freshmen who have participated in the Teacher Cadet program are eligible to receive a loan.”

Rationale: The proviso changes clarify that a student’s eligibility for loan cancellation is based on the school being designated as “critical” at the time of employment. The proviso allows teachers to be eligible for employment in special schools, alternative schools and correctional centers for geographic loan forgiveness. And, based upon a recommendation from the Education Oversight Committee, the maximum loan amount would be incrementally increased from \$15,000 to \$20,000 with available funds. The loan amount has not been increased since the creation of the program in 1984.

New Provisos:

1A. __ (SDE: Teacher Reading Proficiency) To ensure the effective and efficient use of the funding provided by the General Assembly in Part IA, Section 1 XI.C.4. for professional development, the State Board of Education must establish competency standards to teach reading for all teachers and local school districts must require teachers to demonstrate proficiency in these standards as part of each teacher's Professional Development plan. Evidence that districts are meeting the requirement is a prerequisite to expenditure of a district's professional development funds as appropriated. School districts may expend funds allocated from retraining grants, the South Carolina Reading Institute, lottery funds and any other professional development funds to assist teachers in achieving the proficiencies. All teachers must achieve proficiency in the competency to teach reading within five years with twenty percent of all teachers being proficient by the end of school year 2005-06, forty percent proficient by the end of school year 2006-07, sixty percent proficient by the end of school year 2007-08, eighty percent by the end of school year 2008-09, and one hundred percent proficient by the end of school year 2008-09.

Rationale: Like teacher proficiency standards in technology, this proviso requires proficiency in the teaching of reading for all teachers by the end of school year 2009-10.

5A. __ NEW With the funds appropriated to the Commission on Higher Education, the Commission must review and report to the Education Oversight Committee and the State Board of Education by March of the fiscal year on the efforts and effectiveness of teacher education programs to adequately prepare candidates to work with students having difficulty in learning to read and the degree to which the programs collaborate with reading specialists and reading programs in the state.

Rationale: This new proviso would require the Commission on Higher Education to evaluate the efforts and effectiveness of teacher education programs in preparing teachers for working with students who have difficulty in reading.

Education Oversight Committee
FY2005-06 Budget Recommendations
EAA Technical Assistance Programs

	FY2004-05	FY2004-05	FY2005-06	FY2005-06	FY2005-06	FY2005-06	FY2005-06	FY2005-06
PROGRAM	TOTAL State Appropriations	Anticipated Expenditures	SDE Request (Updated through 11/23/2004)	SDE Increase or Decrease Over Appropriations	SDE Explanation of Increase/Decrease as Requested by SDE	EOC Total Recommendation for Program	EOC Increase or Decrease over Appropriations	EOC Explanation of Increase/Decrease
ORIGINAL EAA:								
External Review Teams	1,466,872	539,680	586,800	(880,072)	Based on 60 ERT at \$9,424 per ERT and three Internal review teams	586,800	(880,072)	Concur with SDE request
Teacher Specialists	31,551,877	18,897,821	22,055,220	(9,496,657)	Increase from 198 to 220 teacher specialists: \$95,899 per specialist for salary and fringes and \$4,352 per specialist for direct support	15,087,776	(16,464,101)	Assume each unsatisfactory schools gets full cadre of teacher specialists -- 4 at middle or high schools. Total required would be 88 teacher specialists at (9 high schools, 13 middle schools) Other unsatisfactory schools are charter schools which SDE has chosen not to serve or schools that have closed. The 25 lowest-performing below average schools would receive an average of 2.5 teacher specialists at each school, which is the current statewide average.
Principal Specialists	2,426,085	2,221,237	2,575,052	148,967	Fund 17 principal specialists: \$133,047 per specialist for salary and fringes; \$1,000 per specialist for training; and \$10,000 per specialist for supplies and support.	2,278,799	(147,286)	Fund 17 principal specialists at \$133,047 for salary and fringes and \$1,000 per specialist for training.
Principal Mentor	33,135	33,135	33,135	0		85,500	52,365	Fund 15 principal mentors at \$5,700 per mentor
Retraining Grants	7,460,500	5,693,100	5,995,100	(1,465,400)	Fund \$450 per certified staff at 306 schools at an average cost of \$20,250 per school or \$6,196,500 and support costs of \$106,100	5,565,000	(1,895,500)	Currently, there are 41 schools that have absolute performance ratings of average or above for three consecutive years that will likely not be recommended for continued funding of retraining grants. The funding recommendation reflects 11,700 teachers at 275 schools receiving \$450 per staff person and 30 schools receiving a planning grant of \$10,000.
Homework Centers	6,953,864	6,953,864	6,810,000	(143,864)	Fund 25 unsatisfactory schools at \$45,000 and 180 below average at \$30,000 per school	6,810,000	(143,864)	Fund 22 unsatisfactory schools at \$45,000 and 160 below average at \$36,000.
Technical Assistance & Training for Unsatisfactory and Below Average Schools		1,126,840	1,126,840	1,126,840	Expenses related to training, recruiting and induction of personnel, data analysis, middle school emphasis.		0	Funding not recommended

TIERED SYSTEM:	FY2004-05	FY2004-05	FY2005-06	FY2005-06	FY2005-06	FY2005-06	FY2005-06	FY2005-06
	TOTAL State Appropriations	Anticipated Expenditures	SDE Request (Updated through 11/23/2004)	SDE Increase or Decrease Over Appropriations	SDE Explanation of Increase/Decrease as Requested by SDE	EOC Total Recommendation for Program	EOC Increase or Decrease over Appropriations	EOC Explanation of Increase/Decrease
Principal Leaders		1,522,488	2,848,260	2,848,260	Fund 20 principal leaders: \$127,524 per leader for salary and fringes and \$14,889 per leader for direct support	1,275,240	1,275,240	Note: There are 11 principal leaders employed this school year and are funded through existing funds.
Curriculum Specialists		5,483,845	7,045,935	7,045,935	Fund 65 curriculum specialists: \$103,399 per specialist for salary and fringes and \$5,000 per specialist for direct support		0	
District Instructional Facilitators		4,401,350	7,090,160	7,090,160	Fund 80 DIFs at \$84,375 per DIF for salary and fringes and \$4,252 for direct support per DIF.		0	
Options for Below Average Schools						10,810,000	10,810,000	115 below average schools eligible for ONE (only) technical assistance personnel chosen from the following categories: curriculum specialist, district instructional facilitator or teacher specialist at an average cost of \$94,000
Curriculum, materials, equipment for unsatisfactory schools		110,000	50,000	50,000	\$2,000 per 25 unsatisfactory schools		0	
Curriculum, materials, equipment for below average schools		159,000	180,000	180,000	\$1,000 per 180 below average schools		0	
Alternative Technical Assistance		2,245,000	2,245,000	2,245,000	TAP and Edison projects	4,000,000	4,000,000	Assume 20 schools elect alternative technical assistance at an average of \$200,000 per school (range is \$100,000 to \$300,000)

ADMINISTRATION:	FY2004-05	FY2004-05	FY2005-06	FY2005-06	FY2005-06	FY2005-06	FY2005-06	FY2005-06
	TOTAL State Appropriations	Anticipated Expenditures	SDE Request (Updated through 11/23/2004)	Increase or Decrease Over Appropriations	Explanation of Increase/Decrease as Requested by SDE	EOC Total Recommendation for Program	EOC Increase or Decrease over Appropriations	EOC Explanation of Increase/Decrease
Delivery of Technical Assistance by SDE	1,988,862	1,988,862	2,400,196	411,334	To provide one staff person at SDE to oversee 21 technical assistance personnel.	1,988,862	0	No increase in funding recommended.
Total Technical Assistance;	51,881,195	51,376,222	61,041,698	9,160,503		48,487,977	(3,393,218)	

Education Oversight Committee
FY2005-06 Budget Recommendations
All Other EAA Programs

	FY2004-05	FY2005-06	FY2005-06	FY2005-06	FY2005-06	FY2005-06	FY2005-06
PROGRAM	TOTAL State Appropriations	SDE Request (Updated through 11/23/2004)	SDE Increase or Decrease Over Appropriations	SDE Explanation of Increase/Decrease as Requested	EOC Total Recommendation for Program	EOC Increase or Decrease over Appropriations	EOC Explanation of Increase/Decrease
Assessment System including PSAT or PLAN	16,940,171	18,061,690	1,121,519	Based on contract costs for PACT, HSAP, SRA and End-of-course tests	16,940,171	0	Pending recommendations of the testing task force which will be completed in January 2005, there may be cost savings. Federal funds are not included but total approximately \$6.3 million.
Annual Report Card	971,793	971,793	0	No increase requested		0	No increase requested
Palmetto Gold & Silver	2,000,000	2,000,000	0	No increase requested	3,000,000	1,000,000	An important part of the EAA is recognizing and rewarding schools that have attained high levels of performance. This program has not been increased since FY02.
Student Identifier	488,000	891,370	403,370	Data analysis, validation and access	891,370	403,370	Concur with SDE request
Data Collection	2,048,925	1,049,375	(999,550)	SASlpx data collection and reporting system	1,049,375	(999,550)	Concur with SDE request
Public Information Campaign	226,592	226,592	0	No increase requested	226,592	0	No increase requested
Alternative Schools	10,976,277	10,976,277	0	No increase requested	10,976,277	0	No increase requested
EOC	1,214,538	1,214,538	0	No increase requested	1,214,538	0	No increase requested
Reduce Class Size	35,047,429	35,047,429	0	No increase requested	35,047,429	0	No increase requested

PROGRAM	FY2004-05	FY2005-06	FY2005-06	FY2005-06	FY2005-06	FY2005-06	FY2005-06
	TOTAL State Appropriations	SDE Request (Updated through 11/23/2004)	SDE Increase or Decrease Over Appropriations	SDE Explanation of Increase/Decrease as Requested	EOC Total Recommendation for Program	EOC Increase or Decrease over Appropriations	EOC Explanation of Increase/Decrease
Other:							
Professional Development on Standards	6,204,060	6,204,060	0	No increase requested	6,204,060	0	No increase requested
Summer School	21,000,000	31,000,000	10,000,000	To increase funding by \$23 per below basic unit (ELA, math, science and social studies)	31,000,000	10,000,000	Along with the increase, a proviso to require a formal evaluation of all remediation programs would be included.
K-5 Reading, Math, Science & Social Studies	46,500,000	46,500,000	0	No increase requested	46,500,000	0	No increase requested
Middle School Reading, Math, Science & Social Studies	2,000,000	2,000,000	0	No increase requested	2,000,000	0	No increase requested

TOTAL OTHER EAA:	127,705,821	137,109,641	9,403,820
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155,049,812	10,403,820
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ALL EAA:

7,010,602

EIA REVENUES	
Fiscal Year 2004-05	
Projected EIA Revenues (11/10/04)	567,615,688
EIA Appropriations	551,502,240
Mid-Year Adjustment	1,000,000
Unappropriated Balance	15,113,448
Fiscal Year 2005-06	
Projected EIA Revenues (11/10/04)	590,247,187
EIA Appropriation Base	552,502,240
Available Revenues:	37,744,947

EIA APPROPRIATION CHANGES FY2005-06

Assumption: The EFA will be funded at a base student cost that is less than or equal to \$2,073.

EIA PROGRAM	EOC Recommended INCREASE OR DECREASE	GOVERNOR Recommended INCREASE OR DECREASE	EXPLANATION
Teacher Salary	44,655,780	32,616,484	Maintain commitment to funding teacher salaries at \$42,737 or \$300 above the SE average. <i>Governor funds EFA at \$2,213 using General Fund and EIA monies and requires local match on \$2,002</i>
Teacher Fringes	8,195,774	5,585,722	Fund teachers in special schools at \$300 above the SE average
State Agency Teacher Pay	232,562	232,562	There is currently \$11,276,610 in General Fund monies for National Board. <i>Governor recommends \$3,000 salary supplement for teachers in schools rated average or above and \$7,500 if teach in unsatisfactory or below average schools.</i>
Move National Board Compensation from EIA to General Fund	(27,968,264)	1,829,000	Restoration of Mid-Year Reductions
Teacher Recruitment	34,904	0	With all other professional development funds available, program which was begun in 1984 should be eliminated and funds reallocated. <i>Governor also does not fund the program and diverts funding to the EFA.</i>
Teacher Grants Program	(1,287,044)		To increase number of students taking AP courses and to cover costs of examinations and textbooks. <i>Governor reallocates these funds to the EFA.</i>
Advanced Placement	564,000		To replace lottery appropriations and to provide for 9 new sites at 12 high schools and career centers and to supplement start-up costs for first 20 new Making Middle Grades Work sites. <i>Governor funds this program at \$1.0 million using lottery revenues.</i>
High Schools that Work	1,000,000	Lottery	Consistent with the EOC funding model recommendation, these funds would be directed at 17 to 21 year-olds who have not completed high school. Because most of these individuals are also young parents, there would also be an indirect impact on early childhood education.
Young Adult Education	1,600,000	0	To fund all eligible applicants who were denied in the prior fiscal year
Teacher Loan Program	800,000	0	To begin increasing the maximum loan amount from \$15,000 to \$20,000 with the goal of increasing to \$25,000 in FY08
Teacher Loan Program	1,357,774	0	To phase in full funding of the Gifted and Talented Program over three years.
Gifted and Talented	8,436,313	0	

EIA PROGRAM	EOC Recommended INCREASE OR DECREASE	GOVERNOR Recommended INCREASE OR DECREASE	EXPLANATION
Centers of Excellence	58,148	0	To fund one additional Center that will focus on colleges and universities working to assist in the area of reading at the middle and high school level.
Service Learning Engagement -- CHE	65,000	0	Establish a three-year pilot project whereby 10 faculty and 50 students at Coastal Carolina would mentor at-risk fourth and fifth grade students at three elementary schools in Horry County.
<i>Teacher Quality Commission</i>		(543,821)	<i>Governor deletes funding for the Commission.</i>
<i>EAA- SDE Administration</i>		(1,975,000)	Governor reduces funding for SDE for administration of EAA technical assistance program.
Transfer of Funds for these EIA programs to the EFA:		43,320,479	<i>Governor recommends allocating these revenues to the EFA to increase the base student cost.</i>
<i>Advanced Placement</i>		(2,514,265)	
<i>Modernize Vocational Equipment</i>		(3,963,520)	
<i>Local School Innovation</i>		(9,970,064)	
<i>Governor's Institute of Reading</i>		(1,312,874)	
<i>Competitive Teacher Grants</i>		(1,287,044)	
<i>Critical Teaching Needs</i>		(602,911)	
<i>Teacher Supply</i>		(10,000,000)	
<i>Professional Development on the Standards</i>		(6,204,060)	
<i>Professional Development -Math & Science HUBS</i>		(2,900,382)	
<i>School Leadership Executive Leadership</i>		(906,370)	
<i>Principal Salary Supplement</i>		(3,095,968)	
<i>Developing Aspiring Principals</i>		(94,385)	
<i>Writing Improvement Network</i>		(288,444)	
<i>School Improvement Council Assistance</i>		(180,192)	
TOTAL:	37,744,947	37,744,947	
Available Revenues:	37,744,947	37,744,947	
Balance:	0	0	

EDUCATION OVERSIGHT COMMITTEE BUDGET RECOMMENDATIONS

Fiscal Year 2005-06

Education Finance Act	\$128,185,329	Increase in Base Student Cost from \$1,852 to \$2,002 and funding of 847,426 weighted pupil units. EOC recommends a three-year phase-in to increase the base student cost from current level to full funding.
Education Improvement Act	\$37,744,947	Increase in funding for teacher salaries, gifted and talented program, advanced placement, teacher loan program, and young adult education (See specifics below.)
Education Accountability Act	\$7,010,602	See specific recommendations below.
TOTAL:	\$172,940,878	

<u>Detail on EIA:</u>	Net Change from Current Year's Funding:	Explanation:
Teacher Salary	\$44,655,780	Maintain commitment to funding teacher salaries at \$42,737 or \$300 above the SE average while assuming the base student cost if funded at an amount equal to or less than \$2,073
Teacher Fringes	\$8,195,774	
State Agency Teacher Pay	\$232,562	Fund teachers in special schools at SE average
Move National Board Compensation from EIA to General Fund	(\$27,968,264)	There is currently \$11,276,610 in General Fund monies for National Board.
Teacher Recruitment	\$34,904	Restoration of Mid-Year Reductions
Teacher Grants Program	(\$1,287,044)	With all other professional development funds available, program which was begun in 1984 should be eliminated and funds reallocated.

<u>Detail on EIA:</u>	Net Change from Current Year's Funding:	Explanation:
Advanced Placement	\$564,000	To increase number of students taking AP courses and to cover costs of examinations and textbooks.
High Schools that Work	\$1,000,000	To maintain the 30 current High Schools That Work sites at 69 schools and add 9 new sites at 12 high schools and career centers. The funds will also supplement start-up costs for the first 20 new Making Middle Grades Work sites.
Young Adult Education	\$1,600,000	Consistent with the EOC funding model recommendation, these funds would be directed at 17 to 21 year-olds who have not completed high school. Because most of these individuals are also young parents, there would also be an indirect impact on early childhood education.
Teacher Loan Program	\$800,000	To fund all eligible applicants who were denied in the prior fiscal year
Teacher Loan Program	\$1,357,774	To begin increasing the maximum loan amount from \$15,000 to \$20,000 with the goal of increasing to \$25,000 in FY08
Gifted and Talented	\$8,436,313	To phase in full funding of the Gifted and Talented Program over three years.
Centers of Excellence	\$58,148	To fund one additional Center that will focus on colleges and universities working to assist in the area of reading at the middle and high school level.
Service Learning Engagement -- CHE	\$65,000	Establish a three-year pilot project whereby 10 faculty and 50 students at Coastal Carolina would mentor at-risk fourth and fifth grade students at three elementary schools in Horry County.
TOTAL:	\$37,744,947	

Detail on EAA:	Net Change from Current Year's Funding:	Explanation:
Homework Centers	(\$143,864)	Level requested by Department of Education
External Review Teams	(\$880,072)	Level requested by Department of Education
Data Collection and Unique Student Identifier	(\$596,180)	Level requested by Department of Education
Summer Schools	\$10,000,000	Requested by Department of Education to provide an additional funding of \$23.00 funding per below basic unit
Retraining Grants	(\$1,895,500)	Department of Education requested a \$1,465,400 reduction; however, based on the 2004 report card, 41 schools have had a rating of average for three consecutive years and will not be recommended for continued funding
Technical Assistance Programs (Teacher Specialist, Principal Specialist, Curriculum Specialist, District Instructional Facilitator, Principal Leader, Principal Mentor, etc.)	(\$4,473,782)	Based on funding a total of 307 full-time technical assistance personnel in 22 unsatisfactory schools and 160 below average schools. There are approximately 318 personnel this fiscal year.
Alternative Technical Assistance	\$4,000,000	Provide schools the flexibility of using alternative technical assistance intervention strategies
Palmetto Gold and Silver	\$1,000,000	Increase from \$2.0 million to \$3.0 million
Total:		\$7,010,602